

Historical Overview of Cuba's Costs of Sugar Production 1959-2005¹

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The world is undergoing radical changes, characterized by the growing interdependence of all countries and sharpened competition in liberalized markets. For Cuba, the closing years of the old millennium spelled the end of an era and posed the challenge of adjusting its domestic economic order to integrate the island into the global economy. Cuba's sugar agroindustry was perhaps the most affected. Paradoxically, the sudden loss of its preferential arrangements abroad lent urgency to sweeping reforms within, if it was to recover some of its former competitive position, at the same time as the dependence engendered by the previous privileged status rendered such reforms all the more arduous.

The great Cuban scientist Alvaro Reynoso (1829-1888) could not have foreseen the shape of the world today when he wrote his famous sugarcane treatise almost a century and a half ago. But his view of the international sugar trade has a modern ring:

By the nature of things, we had to face the advent of competitors in our market, since this was necessarily related to other nations developing their wealth. We can only aim for equality of access, it being up to us to succeed with the low price of the product, which leads to increased consumption. Proposing to obstruct the progressive evolutionary course

of humankind is as foolish as wishing to halt the movement of the earth (Reynoso, 1998 [1862], p. 346).

At the time this was written, Cuba produced roughly half a million metric tons of sugar annually and accounted for about 40 percent of the world's cane sugar production and 30 percent of the total sugar supply (Deerr, 1949-1950). Alvaro Reynoso, a polymath in the natural sciences, hardly touched on economic issues in his writings. However, he summed up his recommendations of the best way to grow sugarcane as follows:

...the aim is to produce the ton of cane at the least possible cost and then to extract the maximum amount of sugar feasible, so that, after taking into account all expenses, we can sell it profitably at the lowest price when we compete in any market with all the world's producers. That no one be able to sell as cheaply as we is the goal to be achieved (Reynoso, 1998 [1862], p. 346).

As recently as the late 1980s, Cuba was the world's largest sugar exporter and the third largest sugar producer. Today, however, Cuba is no longer a leading sugar producer and exporter, and it is questionable whether the Cuban sugar industry can even hold on to a mid-ranking position. This paper presents an historical overview of the costs of producing sugar in Cuba and suggests some guidelines

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